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August 14, 2007

TO: Appointing Authorities, Personnel Officers and Union Contacts  
FROM: Chester L. White, Director  
SUBJECT: Fiscal Year 2009 Pay Plan Recommendations

Attached are the Personnel Advisory Board's pay plan recommendations for Fiscal Year 2009 as provided to Governor Blunt August 14, 2007.

In addition to the General Structure Adjustment, the Board's focus for FY 2009 is toward funding of performance based within-grade increases as determined by the performance appraisal ratings of employees in the new performance appraisal system, PERforM. Any such increases would be in addition to the General Structure Adjustment that would be provided to all state employees.

Recognizing the performance and contributions of state employees is key to establishing a successful compensation system that is competitive with other employers and an effective investment of personal service appropriations.

GF:ec

# FY 2009 Pay Plan Recommendations

## PERSONNEL ADVISORY BOARD

August 14, 2007

### Summary of the Recommendations

Pay Plan Element	Amount of Increase	Employees Affected
<b>General Structure Adjustment</b>	<b>3.7%</b>	<b>All employees</b>
<b>Performance Based Within-Grade Increases</b> <b>Funding Level 1.0%</b>	<b>1.0% - 4.5%</b> <b>As Determined by Agency</b>	<b>Employees who are rated at the levels of "Outstanding" and "Exceptional" in the Performance Appraisal System (PERforM)</b>
<b>Repositioning</b>	<b>3.0% - 8.7%</b>  As Determined by Range and Step in the Pay Plan	<b>15 Job Classes in 4 Agencies</b>  13 classes repositioned two pay ranges (37 employees) 2 classes repositioned one pay range (621 employees)

The General Structure Adjustment is sometimes referred to as a Cost of Living Adjustment. It is based on economic indicators and the amount of salary increases provided by other employers.

Performance based within-grade increases are pay increases within the pay range to which an employee's job classification is assigned. For FY 2009 these increases are based on the employee's performance appraisal rating as determined by the standardized job components and employee-specific objectives in the PERforM System.

Repositioning is the assignment of a job class to a higher pay range based on external competitiveness of pay rates, turnover and internal equity. The repositioning list for FY 2009 consists of 15 classes and can be found on page 15.

Totals - All Agencies				
Pay Plan Element	General Revenue	Non-General Revenue	Total	Percentage of Total Personal Service
General Structure Adjustment (3.7%)	\$53,242,449	\$51,218,863	\$104,461,312	3.7%
Performance Based Within Grade Increases (1.0%)	\$14,389,853	\$13,842,933	\$28,232,786	1.0%
Repositioning	\$365,919	\$373,771	\$739,690	0.0%
<b>Total All Agencies</b>	<b>\$67,998,221</b>	<b>\$65,435,567</b>	<b>\$133,433,788</b>	<b>4.7%</b>

The above General Structure Adjustment and Performance Based Within-Grade Increase estimates are based on FY 2008 Total Personal Service appropriations for each agency. The estimates include state benefits that increase with an employee's salary of 27.05%.

FY 2009 Pay Plan Recommendations  
PERSONNEL ADVISORY BOARD  
August 14, 2007

**Compensation Planning Elements:**

General Structure Adjustment 3.7%

Performance Based Within-Grade Salary Increases 1.0% to 4.5% (1.0% Funding Level)

For employees whose performance appraisal rating is at the level of Outstanding or Exceptional in the PERforM system.

Repositioning

15 job classes in 4 agencies affecting 658 employees. Individual increases range from 3.0% to 8.7%.

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**Introduction**

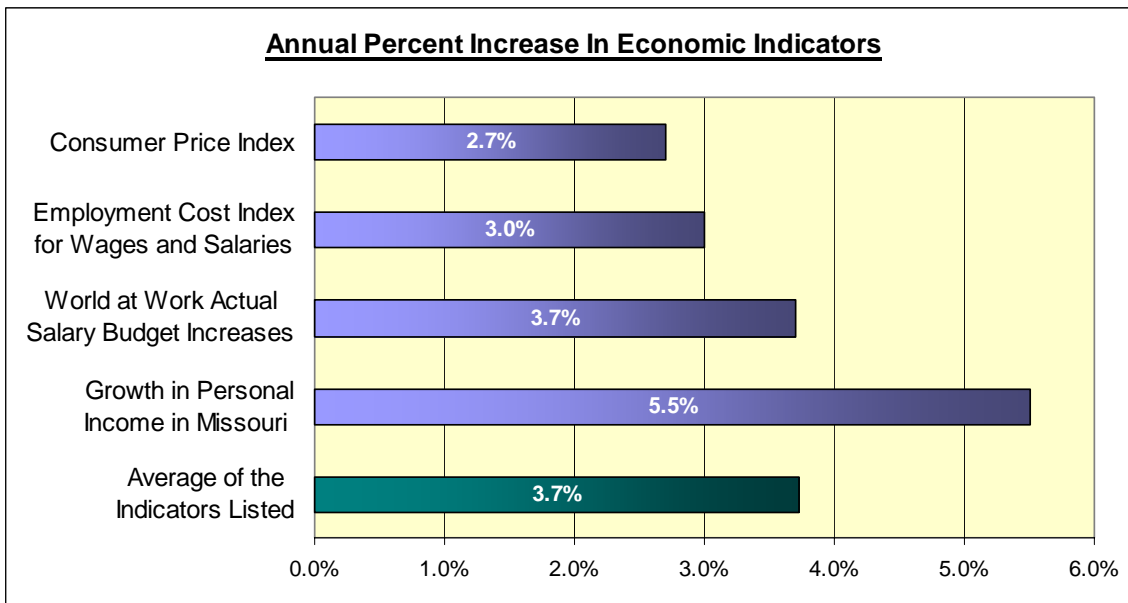
For the first time, the Personnel Advisory Board's pay plan recommendations for FY 2009 include a proposal to acknowledge and reward outstanding and exceptional performance among state employees. Increases are proposed for employees who are identified in the statewide performance planning and appraisal system, PERforM, as "Outstanding" or "Exceptional" performers. The PERforM system was implemented in June 2007 as the tool to be used by supervisors and managers in state agencies to provide performance objectives to employees under standardized job components, and to evaluate each employee's performance based on those objectives. All employees would continue to receive the General Structure Adjustment adopted in the appropriations process. The recommendations include a limited repositioning proposal for jobs in state operated health care facilities.

Providing a pay increase in recognition of outstanding or exceptional performance is new to the state of Missouri. This shift mirrors compensation practices in private and public employers with whom the state competes for employees. Identifying high performance and the employees that are going beyond established expectations is both a challenge and an opportunity for management. Acknowledging that performance through an additional pay increase will communicate to employees that productivity, excellence and results are appreciated and encouraged. This proposal is an important first step toward an emphasis on performance and away from embellishing jobs and job descriptions as a mechanism to get a pay raise.

To remind state employees and inform prospective employees on state benefit levels, the Division of Personnel created a benefit calculator which illustrates the amount and percentage of an employee's pay, time off with pay, and benefits in addition to salary. This calculator will be placed on the Division's web page to provide an estimate of the state's contributions to employees benefits. An illustration of the calculator is on page 29. The overall estimated costs of the recommendations are on page 30.

**General Structure Adjustment 3.7%**

The General Structure Adjustment is an estimate of the amount it will take to increase state wages to keep up with living costs and increases being provided by other employers with whom the state competes for employees. It is sometimes referred to as a "Cost-of-Living" adjustment. This increase applies to all state employees. If adopted in its entirety, each individual employee's pay rate would be increased by 3.7% effective July 1, 2008 for Fiscal Year 2009. The Personnel Advisory Board proposes a percentage based increase to maintain the distinctions between pay rates and ranges which are designed to recognized differences among duties, responsibilities, working conditions and the overall requirements of different types of work.



The General Structure Adjustment recommendation is based on consistent economic indicators and salary survey information from World at Work. The increase in the following components are averaged to arrive at the recommended percentage.

*Consumer Price Index* - Midwest Urban Region of U.S. CPI-U  
All Urban Consumers, Increase from June 2006 to June 2007

*Employment Cost Index (ECI)* for Wages and Salaries  
West North Central Region for Private Industry Workers (excludes Benefits)  
Increase from June 2006 to June 2007

*World at Work Actual Salary Budget Increases*  
for 2007 for Non-Exempt Salaried Workers

*Growth in Personal Income in Missouri (GPI)*  
Increase in Personal Income for 4 quarters ending December 2006 over the 4 quarters ending December 2005

## Percentage Based Salary Increase

A percentage based salary increase benefits employees, and the state as an employer, by:

- ☐ Providing greater parity with percentage pay increases provided in the labor market by private and public employers, including the federal government. Essentially, keeping step with market increases, market forces and market practices.
- ☐ Providing parity between supervisor and subordinates and providing parity for higher paid employees who are more experienced and valuable to the organization.
- ☐ Offsetting increases in living costs while maintaining living standards.
- ☐ Maintaining consistent distinctions between the pay of state jobs to compensate employees for the level of duties performed. Flat dollar increases over time result in the state paying less than the market for higher paid workers in difficult to fill positions.
- ☐ Maintaining a monetary incentive for employees to seek promotional opportunities.
- ☐ Facilitating retention of employees in jobs requiring extensive educational or experiential preparation, and for which the state has invested significant resources in employee training and development.
- ☐ Facilitating the recruitment of professional employees for whom the state competes at higher pay levels.
- ☐ Facilitating retention of trained, experienced and productive staff, helping to reduce training costs associated with extensive turnover.

## General Structure Adjustment (3.7%)

Pay System	General Revenue	Non-General Revenue	Total	Percentage of Total Personal Service
UCP System Agencies	\$40,540,978	\$25,621,876	\$66,162,854	3.7%
Non-UCP Agencies	\$12,701,471	\$25,596,987	\$38,298,458	3.7%
Total 3.7% General Structure Adjustment	\$53,242,449	\$51,218,863	\$104,461,312	3.7%

Above estimate includes benefits that increase with an employee's salary of 27.05%.

**Performance Based Within-Grade Increases (1.0% Funding Level)  
Increases from 1.0% to 4.5%**

On June 1<sup>st</sup> of this year, the Division of Personnel implemented an automated performance appraisal system, PERforM, to provide consistency in the evaluation of the work of state employees. This system is the tool used for establishing performance plans and expectations for employees, conducting appraisals and identifying the outstanding and exceptional performers in the state workforce. The Performance Based Within-Grade pay increases range from about 1.0% to 4.5% depending upon the pay step and pay range which determines the employee's pay rate. The recommendation is for those employees with a minimum of eighteen months of state service on July 1, 2008 who are rated at the level of Outstanding or Exceptional to receive an increase of one or two steps (approximately 1.0% to 4.5%) effective July 1, 2008. Each agency has the responsibility to manage their appropriation accordingly. Having a "system" in which the ratings are conducted will hold management accountable for conducting the ratings.

The first step in the appraisal process is for state agencies to define performance objectives for each employee based on common job components for all employees. The common job components are listed below. Supervisors and managers will be rated on three additional components.

Job Components:

Employee	Supervisor (Additional Components)
1. Knowledge of Work	6. Performance Planning and Documentation
2. Quality of Work	7. Leadership Skills
3. Situational Responsiveness	8. Management Skills
4. Initiative	
5. Dependability	

Employees are provided with the specific objectives developed by their supervisor for each of these components. Supervisors and employees should discuss the objectives. The final performance plan is signed by the employee, the employee's supervisor (who is the "Rater" in PERforM), and the supervisor's superior (the "Reviewer" in PERforM). A copy of the objectives are then provided to the employee.

There are four overall rating levels possible in the system:

1. Needs Improvement
2. Successful
3. Outstanding
4. Exceptional

The second step in the process is conducting the performance appraisal for each employee. This being the first year of the system, there will be an abbreviated timeframe under which employees will be evaluated. This year, employees will be evaluated on the new job components and objectives from July 1, 2007 through December 31, 2007. This is called the "appraisal period." Thereafter, the appraisal period for each employee will be the calendar year.

The “rating period” in the PERforM system will be January 1 through March 31<sup>st</sup> of each year. During this timeframe each employee will receive an “annual” performance appraisal. This annual rating will be the primary basis for identifying the employees who will receive the within-grade salary advancement. The agency has the latitude to provide either a one-step or two step increase to an employee. For employees not paid from the pay grid (such as managers and unclassified employees) the increases can range from 1.0% to 4.0%. Employees at the top step of the pay range for their job class are not eligible for a within-grade salary advancement.

In situations where the agency has limited information on which to base the rating, for a new employee, for example, the agency may exempt the employee. It is anticipated that an employee who is exempted would not be eligible for the pay increase on July 1<sup>st</sup>. However, it will be possible for the agency to conduct “Special” and “Probationary” ratings in the PERforM system. At the time of the annual rating (January 1 – March 31) the agency may not have enough information to provide an employee with an annual rating. Thereafter a special rating may be conducted that would document that the employee’s performance has been at a level deserving of a pay increase. In this case the agency could provide the within-grade increase to the employee during the fiscal year, i.e., at a time other than July 1.

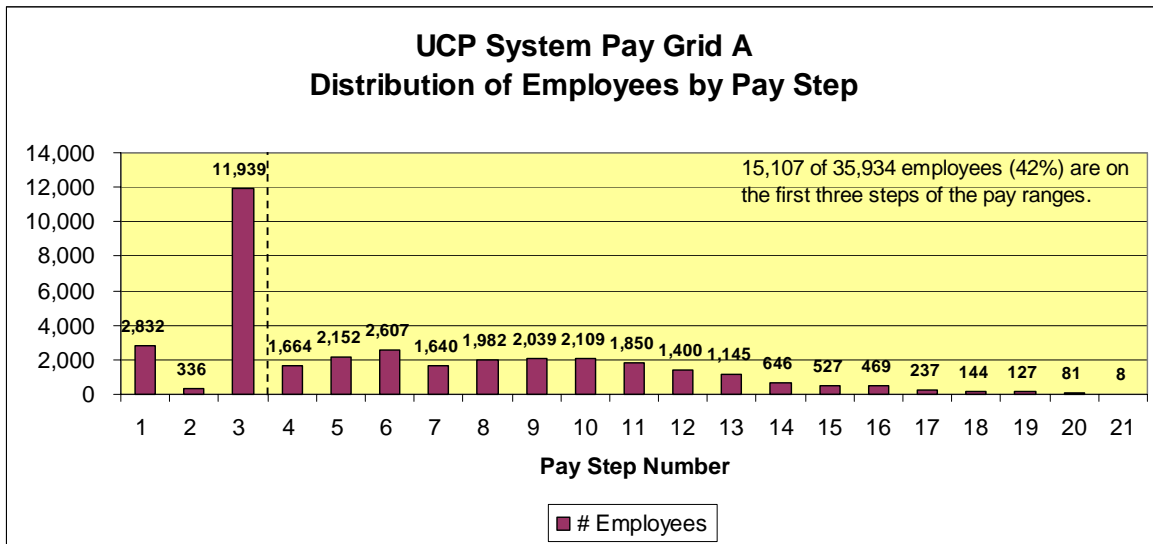
The new performance appraisal system, PERforM, is a management tool which provides the state with a system for appraising and documenting performance on a consistent basis across agencies. Supervisors and managers are accountable for assessing performance as objectively as possible, based on the performance objectives identified for each employee. Performance planning and documentation is a skill which will be refined with experience using the PERforM system. The system will not substitute for this skill, but it will make the process easier for supervisors and managers by providing a consistent means for state agencies to rate employees and review the results of the ratings on reports.

One percent of each agency’s personal service budget for performance based increases should allow sufficient funding to provide at least a one-step increase for up to 39% of an agency’s employees who are rated at the level of Outstanding or Exceptional and who have a minimum of 18 months of service. As with the system itself, appropriating personal service funds for performance based increases is a new concept to the state of Missouri. Having a “system” in which the ratings are conducted will hold management accountable for distinguishing between proficient employees and those that excel above their peers. While recognizing that proficient employees are a valued asset to the state, it is also important to place additional emphasis on those that add greater value to the organization. As such, it is critical that a guideline be established encouraging managers to make these distinctions while providing enough flexibility to recognize all of those employees who exceed normal standards. Therefore, the guidelines of the Division of Personnel will allow agencies to include up to 39% (more than one-third, but less than one-half) of their employees in the above-successful performance categories. Further, it is also recommended that any agency that does not conform with the 39% guideline, or which does not use the PERforM system for appraisals, not be provided with this 1.0% funding.

Within-Grade increases remain a critical component of the compensation plan. The pay ranges are established to account for the differences in duties, responsibilities, skill and qualifications required to perform the work. The pay ranges are designed to

accommodate movement of employees *within the range* as employees become more proficient in their positions and contribute more to their agency and to citizens. However, the funding of pay increases to advance employees within the pay range has not occurred on a statewide basis since July 2000 (FY 2001). This results in the grouping of salaries within a job class at the low end of the pay range, neglecting the differences in performance and contribution of employees.

The increases proposed will begin to alleviate this low end compression problem. If successfully implemented over time, the increases will result in higher performers being paid at greater pay rates within the pay range. Currently, 42%, or 15,000 of 36,000 employees are paid on the first three steps of the UCP system pay ranges.



In the Uniform Classification and Pay System, new employees receive an increase upon successful completion of probation, typically at six months, and are not eligible for a within-grade increase until 12 months later. (This within-grade movement is only possible when specifically appropriated.) Advancing employees through the pay range reduces the circumstances where new employees who complete their probationary period earn the same amount as longer term employees. In order to advance, however, employees must be exceeding standard expectations, i.e., "Successful" performance. The General Structure Adjustment provides the increase for Successful performers.

Each agency is authorized to manage the distribution of the increases to employees based on performance. Agencies are accountable for providing increases throughout the workforce, regardless of the level of responsibility of the positions. Because of the differences in performance between and among employees and employment circumstances, it is necessary to allow for varying amounts of increases. The amount between steps on the UCP system pay grid varies from step to step.



Performance Rating	Pay Grid		Broadbanded Mgrs
	Number of Steps Possible	Percent Spread of Steps Possible	Percent Spread of Increase Possible
Exceptional	1 or 2 Steps	1.2% to 4.5%	1.0% to 4.0%
Outstanding	1 or 2 Steps	1.2% to 4.5%	1.0% to 4.0%
Successful	0 Steps	0%	0%
Needs Improvement	0 Steps	0%	0%

Note: In some cases the percentages between steps are very small. This is attributable in part to the \$600 per annum increase that was provided to employees earning less than \$40,000 in FY 2004. For example, there are 332 employees for whom a one step increase represents only .6%. And there are 2377 employees for whom two steps is less than a 3% increase.

### Uniform Classification & Pay System

Here is brief explanation of how the 1.0% appropriation could be applied within the Uniform Classification and Pay System.

There are 35,934 employees paid on Pay Grid A; 84 classified physicians paid on Pay Grid B; and 1,203 managers, for a total of 37,221 classified / covered employees in the Uniform Classification and Pay System.

With 1% of base salaries of classified employees appropriated (\$11,781,262), approximately 13,375 employees could receive a one-step or two percent increase. Of those employees, 7,011 could receive an additional one step or two percent increase.

6,364 or 17% of all employees could receive one step, or 1.0% – 2.0% increase.

7,011 or 19% of all employees could receive two steps, or 3.0% – 4.5% increase.

13,375 or 36% of all employees could receive a one step or two step increase.

Note: 1.0% Funding level would only allow for 10,165 or 27% of employees to receive two step increases. This number of employees is significantly below the 39% that can be rated outstanding or exceptional.

### Within Grade Salary Advancements of 1.0% to 4.5% (1.0% Funding Level)

Pay System	GR	Non-GR	Total	% TPS
UCP System Agencies	\$10,957,023	\$6,924,831	\$17,881,854	1.0%
Non-UCP Agencies	\$3,432,830	\$6,918,102	\$10,350,932	1.0%
Total Within Grade Increases	\$14,389,853	\$13,842,933	\$28,232,786	1.0%

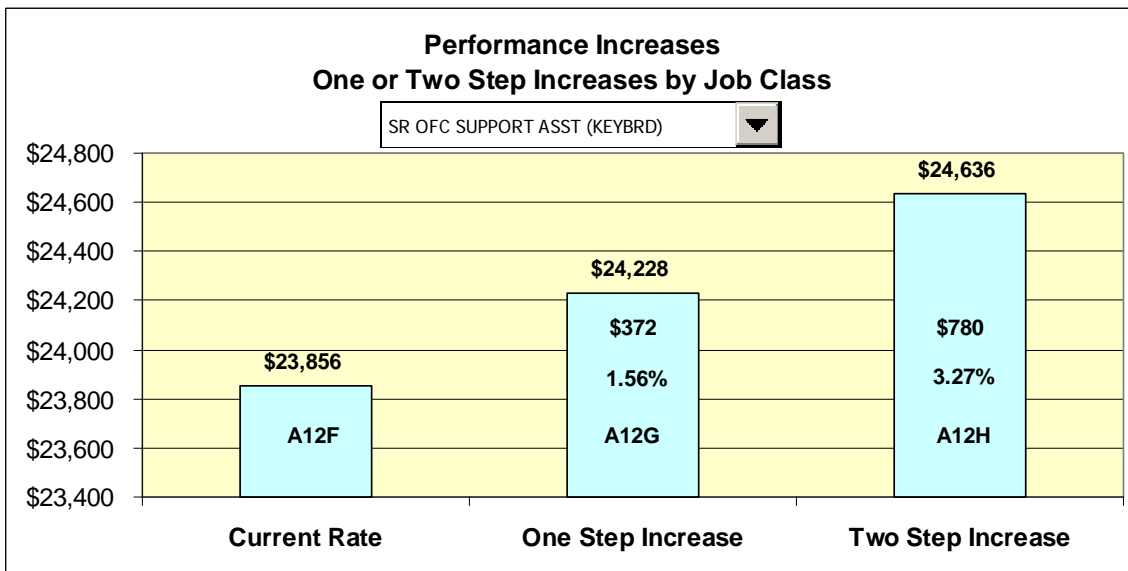
Here are some examples of how the performance based within-grade increase would affect an employee. The charts below provide the amount and percent of a one step increase and a two step increase. The increases illustrated would be in addition to the General Structure Adjustment adopted for FY 2009 for all employees.

The Current Rate is the employee's current rate of pay. The designation A12F means Pay Grid A, Pay Range 12, Step E.

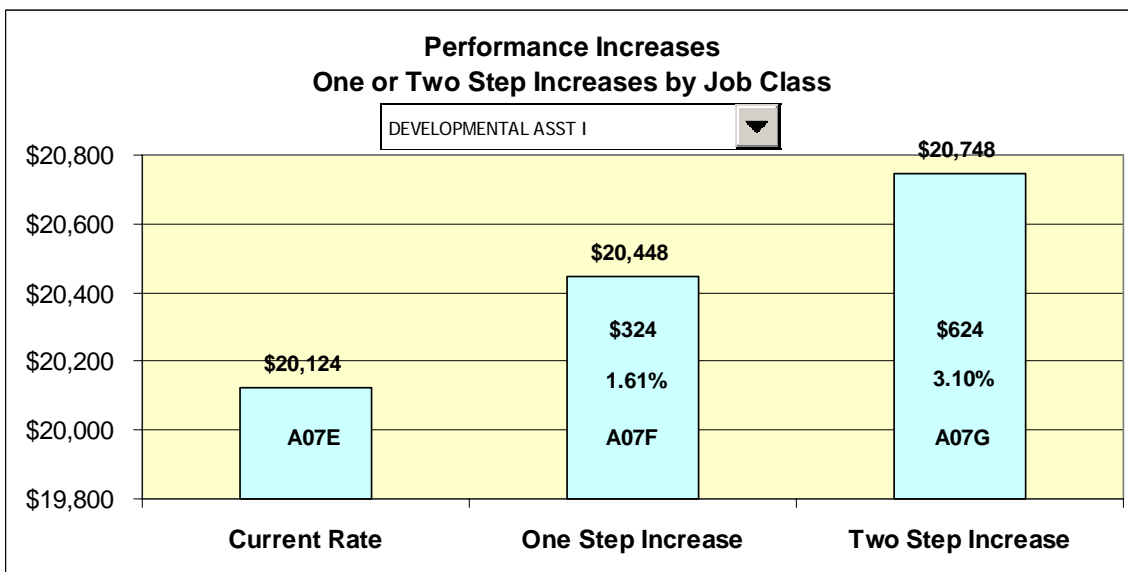
For a Senior Office Support Assistant currently paid \$23,856 per annum:

- A One-Step Increase would result in the pay rate \$24,228, an increase of \$372 per year or 1.56%.
- A Two-Step Increase would result in the pay rate \$24,636, an increase of \$780 per year or 3.27%.

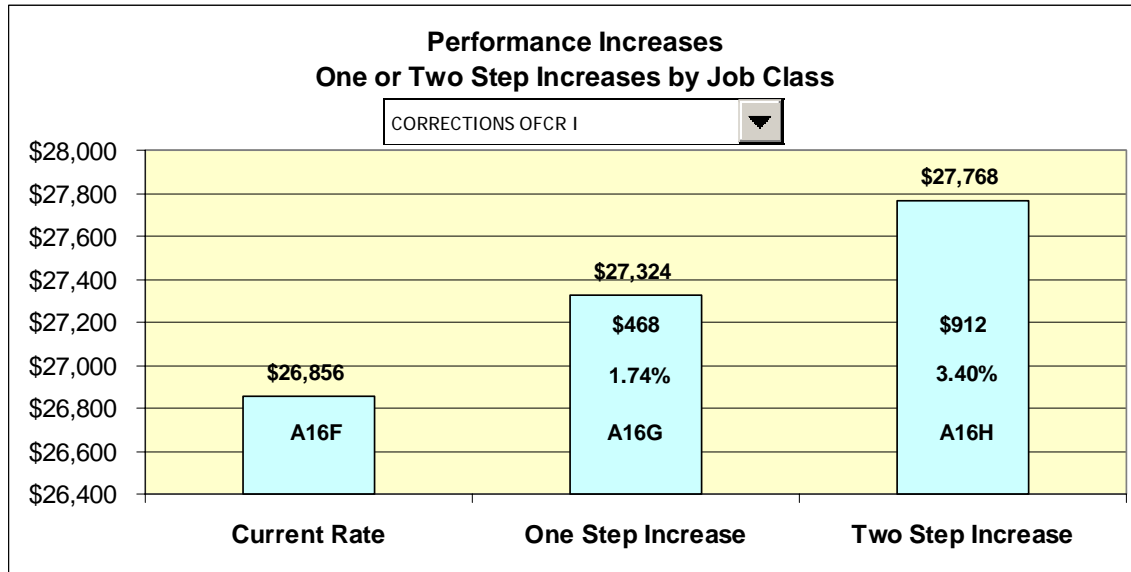
#### Senior Office Support Assistant (Keyboarding) (Pay Range A12)



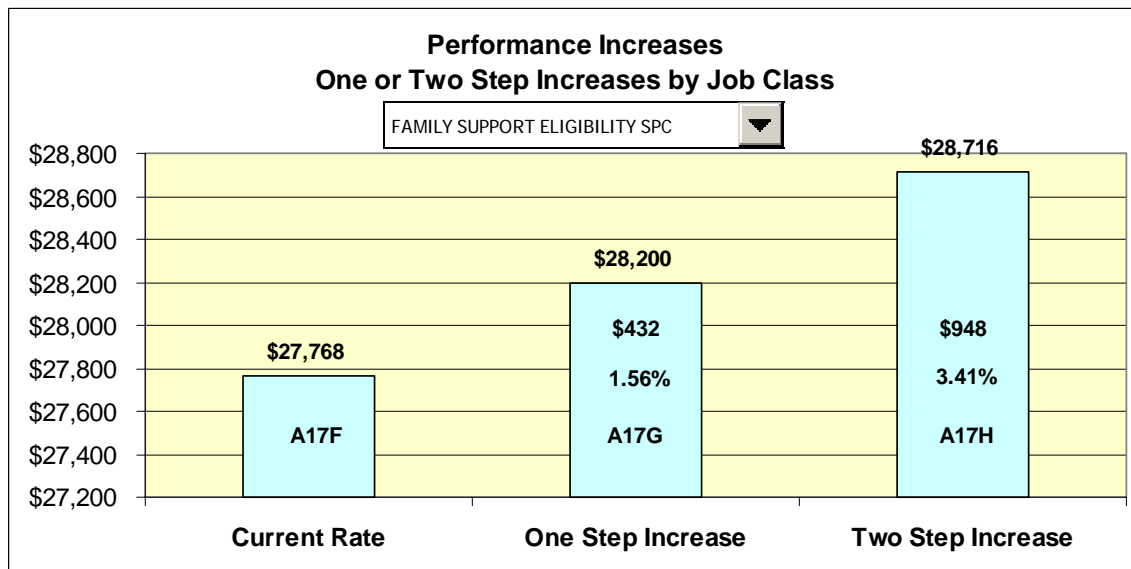
#### Developmental Assistant I (Pay Range A07)



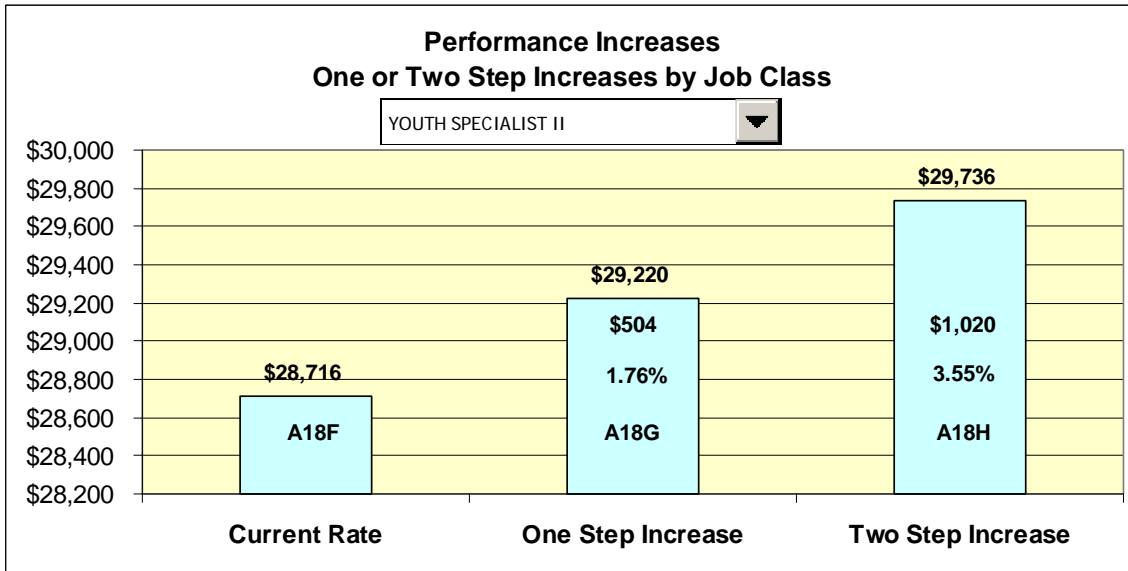
## Corrections Officer I (Pay Range A16)



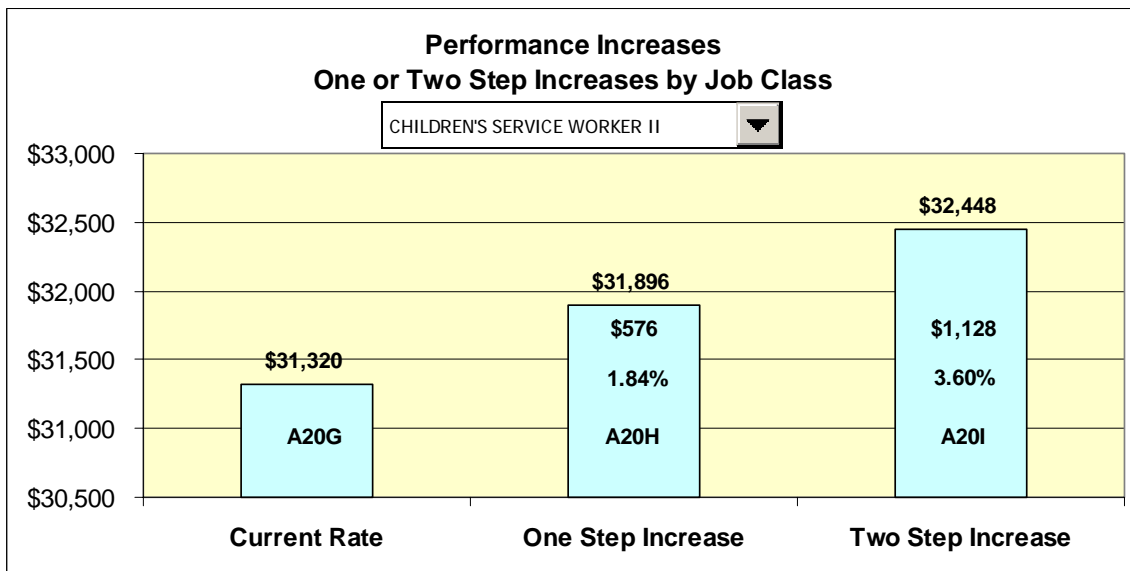
## Family Support Eligibility Specialist (Pay Range A17)



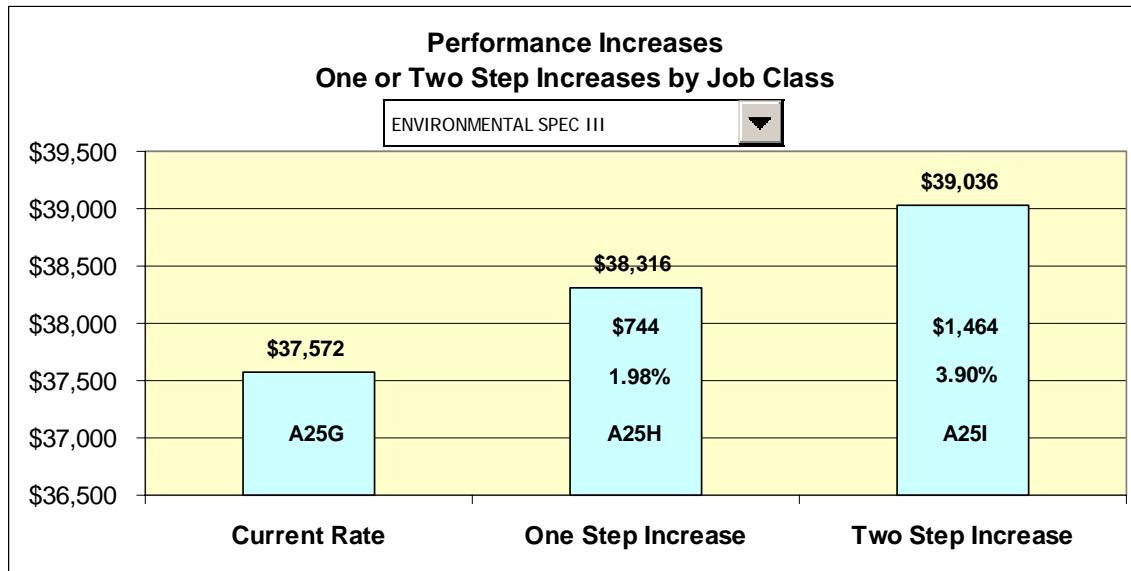
## Youth Specialist II (Pay Range A18)



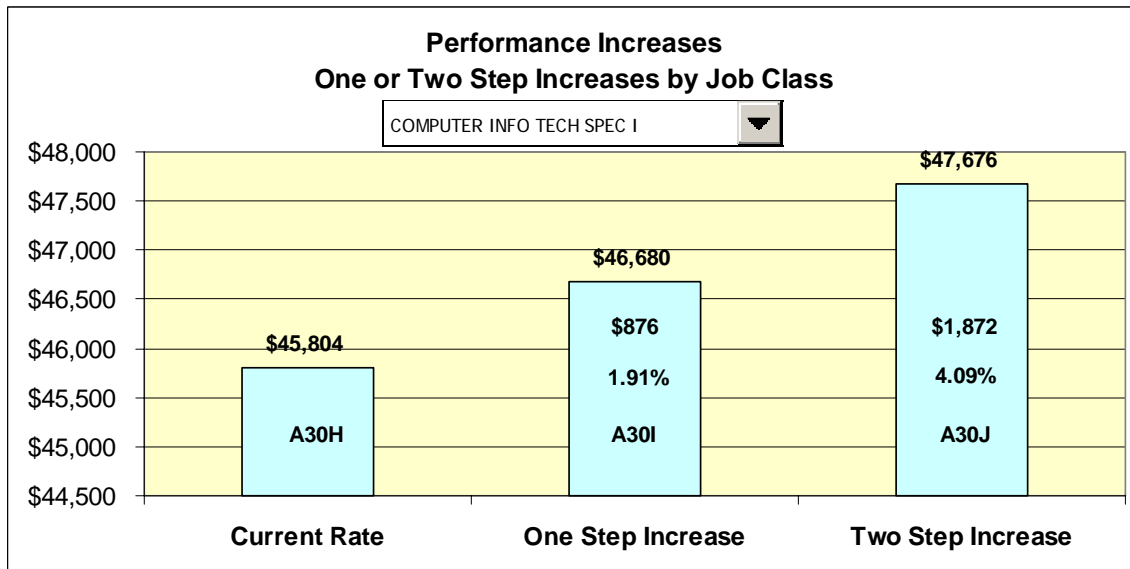
## Children's Service Worker II (Pay Range (A20))



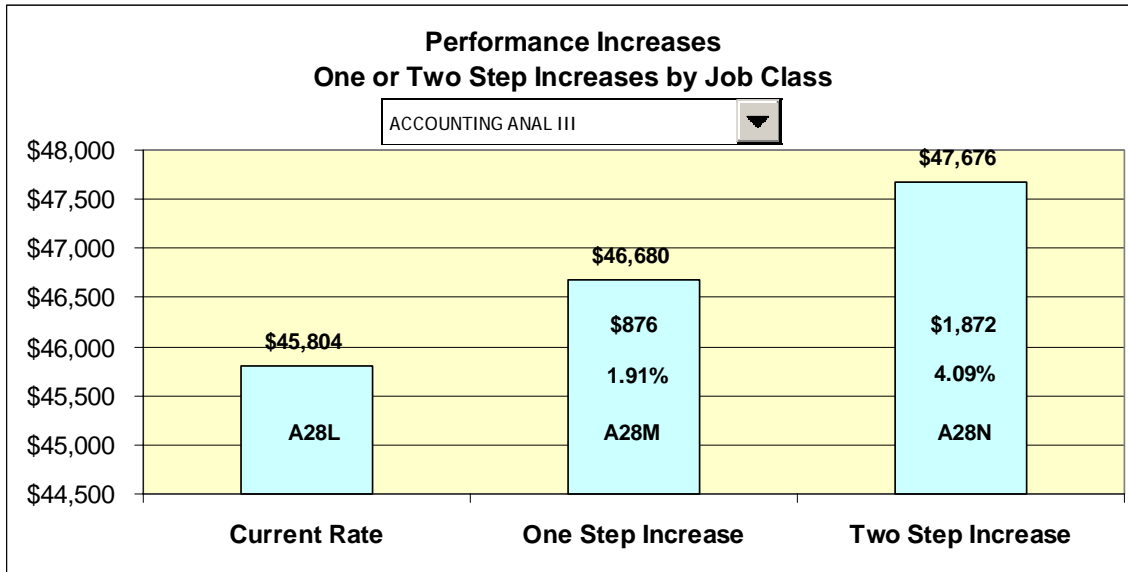
## Environmental Specialist III (Pay Range A25)



## Computer Information Technology Specialist I (Pay Range 30)

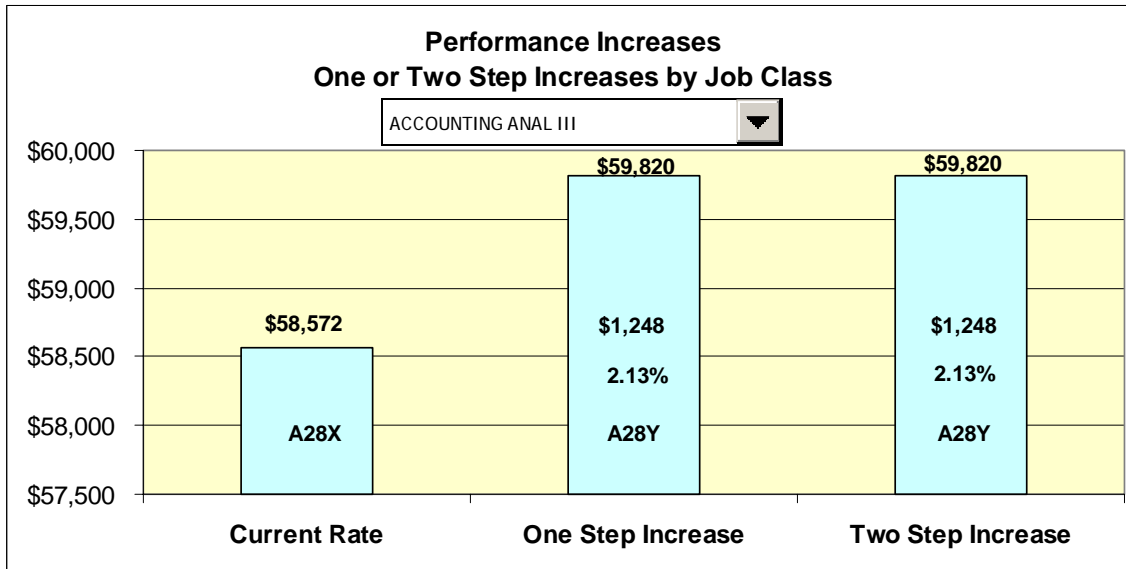


## Accounting Analyst III (Pay Range A28)



## Accounting Analyst III (Pay Range 28)

In the scenario below the employee would only be eligible for a one step increase as the employee can only advance one step before attaining the maximum rate for the pay range.



An employee already at the top of the pay range would not be eligible for a performance based increase.

### **Repositioning 15 Classes in 4 State Agencies (Primarily 2 Agencies)**

Repositioning is the assignment of a job class to a higher pay range. Repositioning a job class one pay range results in roughly a 3.0% - 4.0% increase for an employee, again depending upon the range and step in the pay plan. Two pay ranges represent about a 6.0% to 8.0% increase.

Repositioning is the “fine tuning” element of the pay plan recommendations which is designed to address internally and externally inequitable pay situations, especially the latter. In most cases repositioning is indicated when state turnover is high, and the pay range of the job class is low, relative to pay rates of other employers in the labor market. Recruitment experience also plays a role in repositioning decisions.

There are additional factors that affect whether or not a job class should be repositioned. The pay may be low in a job class due to the lack of movement of employees through the pay range. (Meaning the pay range itself may not be the problem.) And the state benefit package, particularly health care and retirement, represents additional compensation to an employee. Though it is difficult to assess the value of the state’s benefit package relative to other employers it would not be inaccurate to say that it is above benefits offered by other employers by 5% - 10%.

Repositioning proposals are made by the agencies to the Personnel Advisory Board, typically at the pay plan hearing in June. The Division of Personnel pay and classification staff review the recommendations for internal equity, external competitiveness, turnover, recruitment experience and the distribution of employees through the pay ranges. A final proposal for repositioning is then made by staff to the Personnel Advisory Board and discussed with the Board in detail. The final repositioning list below represents the results of the recommendations and the discussion with the Board.

In some cases, job classes are proposed for repositioning when the average salary is significantly less than midpoint of the pay range to which the job is assigned. In these cases, a within-grade increase is the apparent solution. However, this year especially, the Personnel Advisory Board believes it is imperative to provide within-grade increases in recognition of Outstanding or Exceptional performance only. Over time, it is believed that consistently funded within-grade increases recognizing the performance of significant numbers of employees will help resolve the low end compression of state salaries.

#### **Repositioning of One Pay Range for Nursing Assistants, Two Ranges for Therapists**

<b>Pay System</b>	<b>GR</b>	<b>Non-GR</b>	<b>Total</b>	<b>% TPS</b>
UCP System Agencies	\$365,919	\$373,771	\$739,690	0.04%
Non-UCP Agencies	\$0	\$0	\$0	0.00%
Total Repositioning for Specific Classes	\$365,919	\$373,771	\$739,690	0.04%

**FY 2009 REPOSITIONING LIST BY CLASS**

INDEX#	CLASS TITLE	GRADE	FY08 Min	FY08Max	Recommendation	Repo Grade	Number of Employees	Estimated Repo Cost	Average Increase
004280	MEDICAL SPECIALIST I	B06	\$87,804.00	\$114,840.00	+2	B08	0	\$0	\$0
004281	MEDICAL SPECIALIST II	B07	\$91,224.00	\$119,340.00	+2	B09	4	\$37,512	\$9,378
004286	MEDICAL DIRECTOR	B09	\$98,472.00	\$128,892.00	+2	B11	4	\$39,024	\$9,756
004311	NURSING ASST I	A06	\$18,996.00	\$24,636.00	+1	A07	555	\$346,452	\$624
004312	NURSING ASST II	A09	\$20,748.00	\$27,696.00	+1	A10	66	\$50,940	\$772
004422	OCCUPATIONAL THERAPY ASST	A16	\$26,004.00	\$36,204.00	+2	A18	5	\$12,840	\$2,568
004423	OCCUPATIONAL THERAPIST I	A24	\$34,908.00	\$49,668.00	+2	A26	1	\$2,928	\$2,928
004424	OCCUPATIONAL THERAPIST II	A27	\$39,036.00	\$57,324.00	+2	A29	8	\$35,784	\$4,473
004425	OCCUPATIONAL THERAPIST III	A29	\$42,936.00	\$62,400.00	+2	A31	0	\$0	\$0
004426	PHYSICAL THERAPY ASST	A16	\$26,004.00	\$36,204.00	+2	A18	4	\$10,344	\$2,586
004427	ACTIVITY THERAPY COOR	A30	\$44,640.00	\$65,124.00	+2	A32	5	\$24,636	\$4,927
004431	PHYSICAL THERAPIST I	A24	\$34,908.00	\$49,668.00	+2	A26	0	\$0	\$0
004432	PHYSICAL THERAPIST II	A27	\$39,036.00	\$57,324.00	+2	A29	0	\$0	\$0
004433	PHYSICAL THERAPIST III	A29	\$42,936.00	\$62,400.00	+2	A31	1	\$4,932	\$4,932
004466	SPEECH-LANGUAGE PATHOL	A24	\$34,908.00	\$49,668.00	+2	A26	5	\$16,812	\$3,362
<b>15</b>	<b>TOTAL</b>						<b>658</b>	<b>\$582,204</b>	<b>\$885</b>

**REPOSITIONING SUMMARY**

State health care jobs continue to trail the pay of similar positions in Missouri's labor markets. Therapy jobs in the Department of Mental Health and Missouri Veterans Commission warrant repositioning of two pay ranges: Occupational and Physical Therapists and OT and PT Assistants, Speech and Language Pathologists, Activity Therapy Coordinator and three physician classes, Medical Specialist I – II and Medical Director. In addition, it is recommended that Nursing Assistants in the Missouri Veterans Commission be repositioned one pay range.

The classes recommended for repositioning were proposed by the Department of Mental Health and the Missouri Veterans Commission. The classes are discussed on the following pages.



**FY 2009 REPOSITIONING LIST BY AGENCY AND CLASS**

INDEX#	CLASS TITLE	GRADE	FY08 Min	FY08 Max	RECOM-MENDATION	REPO GRADE	Number of Employees	Estimated Repo Cost
<b>DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS &amp; PROFESSIONAL REGISTRATION</b>								
004286	MEDICAL DIRECTOR	B09	\$98,472	\$128,892	+2	B11	1	\$9,552
<b>DEPARTMENT OF MENTAL HEALTH</b>								
004280	MEDICAL SPECIALIST I	B06	\$87,804	\$114,840	+2	B08	0	\$0
004281	MEDICAL SPECIALIST II	B07	\$91,224	\$119,340	+2	B09	4	\$37,512
004286	MEDICAL DIRECTOR	B09	\$98,472	\$128,892	+2	B11	3	\$29,472
004422	OCCUPATIONAL THERAPY ASST	A16	\$26,004	\$36,204	+2	A18	5	\$12,840
004423	OCCUPATIONAL THERAPIST I	A24	\$34,908	\$49,668	+2	A26	1	\$2,928
004424	OCCUPATIONAL THERAPIST II	A27	\$39,036	\$57,324	+2	A29	8	\$35,784
004425	OCCUPATIONAL THERAPIST III	A29	\$42,936	\$62,400	+2	A31	0	\$0
004426	PHYSICAL THERAPY ASST	A16	\$26,004	\$36,204	+2	A18	3	\$7,836
004427	ACTIVITY THERAPY COOR	A30	\$44,640	\$65,124	+2	A32	5	\$24,636
004431	PHYSICAL THERAPIST I	A24	\$34,908	\$49,668	+2	A26	0	\$0
004432	PHYSICAL THERAPIST II	A27	\$39,036	\$57,324	+2	A29	0	\$0
004433	PHYSICAL THERAPIST III	A29	\$42,936	\$62,400	+2	A31	1	\$4,932
004466	SPEECH-LANGUAGE PATH	A24	\$34,908	\$49,668	+2	A26	3	\$11,052
<b>DEPARTMENT OF MENTAL HEALTH TOTAL</b>							<b>33</b>	<b>\$166,992</b>
<b>DEPARTMENT OF PUBLIC SAFETY MISSOURI VETERANS COMMISSION</b>								
004311	NURSING ASST I	A06	\$18,996	\$24,636	+1	A07	555	\$346,452
004312	NURSING ASST II	A09	\$20,748	\$27,696	+1	A10	66	\$50,940
004426	PHYSICAL THERAPY ASST	A16	\$26,004	\$36,204	+2	A18	1	\$2,508
<b>VETERANS COMMISSION TOTAL</b>							<b>622</b>	<b>\$399,900</b>
<b>DEPARTMENT OF CORRECTIONS</b>								
004466	SPEECH-LANGUAGE PATH	A24	\$34,908	\$49,668	+2	A26	2	\$5,760
<b>TOTALS</b>							<b>658</b>	<b>\$582,204</b>

## FY 2009 REPOSITIONING LIST WITH CURRENT AND PROPOSED PAY RANGES

INDEX#	CLASS TITLE	FY 2008 Pay Range			# of Ranges Recommended	Proposed Pay Range (FY08 Rates)		
		GRADE	FY08 Min	FY08 Max		Proposed Pay Range	Minimum	Maximum
004280	MEDICAL SPECIALIST I	B06	\$87,804	\$114,840	+2	B08	\$94,764	\$124,044
004281	MEDICAL SPECIALIST II	B07	\$91,224	\$119,340	+2	B09	\$98,472	\$128,892
004286	MEDICAL DIRECTOR	B09	\$98,472	\$128,892	+2	B11	\$106,332	\$139,260
004311	NURSING ASST I	A06	\$18,996	\$24,636	+1	A07	\$19,548	\$25,428
004312	NURSING ASST II	A09	\$20,748	\$27,696	+1	A10	\$21,348	\$28,656
004422	OCCUPATIONAL THERAPY ASST	A16	\$26,004	\$36,204	+2	A18	\$27,768	\$39,036
004423	OCCUPATIONAL THERAPIST I	A24	\$34,908	\$49,668	+2	A26	\$37,572	\$55,032
004424	OCCUPATIONAL THERAPIST II	A27	\$39,036	\$57,324	+2	A29	\$42,936	\$62,400
004425	OCCUPATIONAL THERAPIST III	A29	\$42,936	\$62,400	+2	A31	\$45,804	\$67,908
004426	PHYSICAL THERAPY ASST	A16	\$26,004	\$36,204	+2	A18	\$27,768	\$39,036
004427	ACTIVITY THERAPY COOR	A30	\$44,640	\$65,124	+2	A32	\$49,668	\$70,944
004431	PHYSICAL THERAPIST I	A24	\$34,908	\$49,668	+2	A26	\$37,572	\$55,032
004432	PHYSICAL THERAPIST II	A27	\$39,036	\$57,324	+2	A29	\$42,936	\$62,400
004433	PHYSICAL THERAPIST III	A29	\$42,936	\$62,400	+2	A31	\$45,804	\$67,908
004466	SPEECH-LANGUAGE PATHOLOGIST	A24	\$34,908	\$49,668	+2	A26	\$37,572	\$55,032

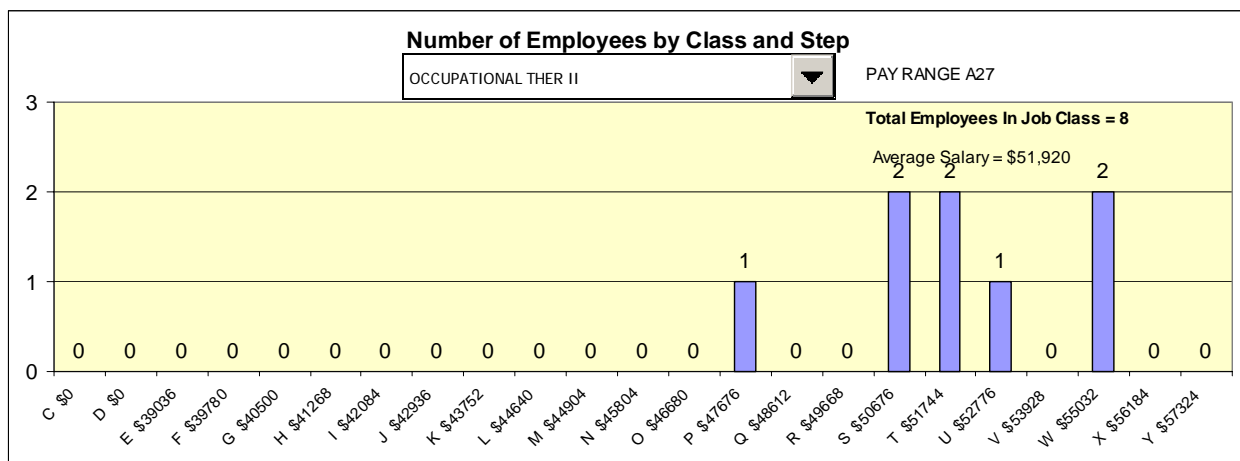
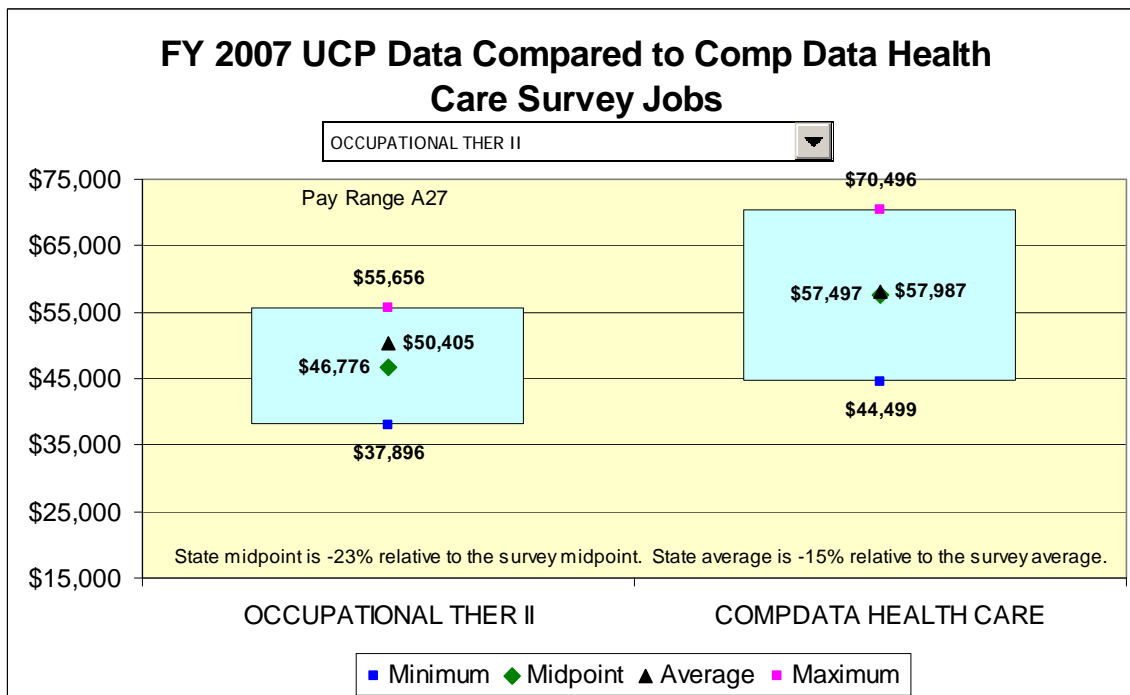
Fifteen classes affecting 658 employees in four state agencies: The Department of Mental Health, the Missouri Veterans Commission, the Department of Insurance, Financial Institutions and Professional Registration and the Department of Corrections.

Occupational and Physical Therapists (Recommendation: +2 Pay Ranges)

There are 8 employees in the job Occupational Therapist II. The midpoint of the pay range of the class is paid 23% below the market. The fact that employees are paid above midpoint mitigates this gap somewhat with regard to the average salary which is 15% behind the market average.

Recommendation: Two pay range repositioning would create greater market comparability and internal equity with nursing positions. Physical Therapists should be repositioned commensurately.

Over 50% of the positions allocated in these jobs are vacant. This is illustrative of the problem recruiting staff, resulting in contracting for these services. This also makes it difficult to assess turnover experience. Of the 9 OTs, there were 2 resignations in FY 2007.



DMH expressed concern that the inability to recruit staff results in contracting for services. The following data was provided by DMH illustrating the contract rates they pay for services.

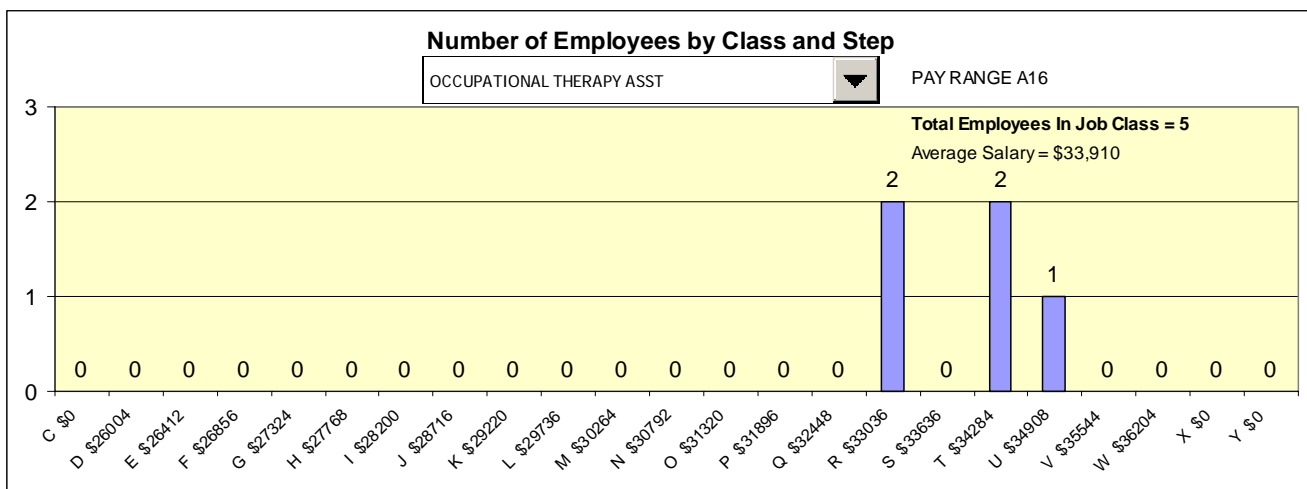
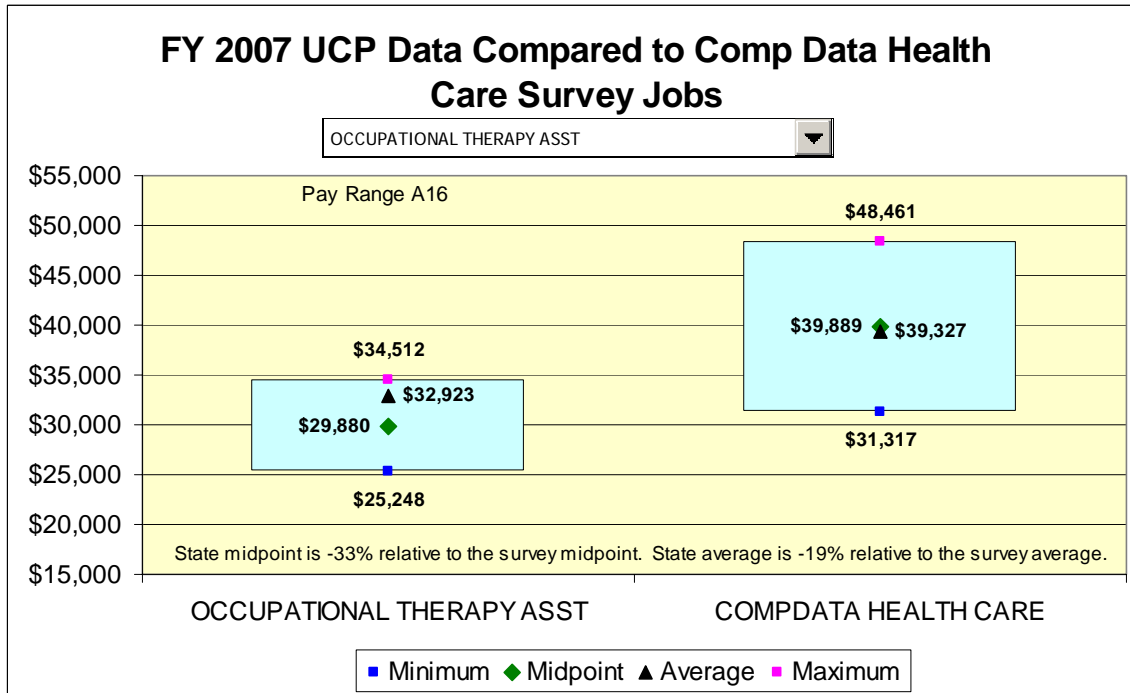
	(1)			(2)	(3)	(4)
Class Title	Contract #1	Contract #2	Contract #3	FY07 Maximum State Pay	Approx. Max Pay with Benefits	State Pay with Benefits Comparison
Registered Nurse III	\$38.75	\$43.02	\$48.57	\$26.75	\$36.48	-6.2%
Registered Nurse IV	\$38.75	\$53.47	\$53.85	\$29.13	\$39.73	2.5%
Certified Occupational Therapy Asst	\$35.40	\$33.17	\$38.68	\$16.59	\$24.09	-46.9%
Occupational Therapist II	\$48.75	\$48.61	\$52.36	\$26.76	\$36.49	-33.6%
Physical Therapy Assistant	\$35.40	\$33.16	\$39.55	\$16.59	\$24.09	-46.9%
Physical Therapist II	\$53.50	\$50.12	\$52.97	\$26.75	\$36.49	-46.6%
Speech - Language Pathologist	\$43.00	\$48.15	\$54.70	\$23.18	\$31.62	-36.0%
Psychologist I	\$55.75	\$46.86	\$51.03	\$31.70	\$43.23	-29.0%
Health Care Practitioner	\$54.75	\$57.76	\$65.80	\$33.11	\$45.16	-21.2%

- (1) DMH indicated that Contract #1 is the lowest and best bid. If they can't obtain the necessary service from Contract #1, they purchase from Contract #2, then Contract #3.
- (2) The maximum state pay rate for the job class is reflected as an hourly rate. FY 07 pay rates are listed.
- (3) This is the maximum state pay with benefits. This column reflects the hourly rate increased by 36.4% for all jobs but the OT and PT Assistants which reflect a 45.2% increase for benefits.
- (4) The state maximum with benefits is ahead of the RN IV Contract #1 rate, but trails the other Contract #1 rates by up to 47%. It should be pointed out that the contract rate is not the rate that is paid to contract employees, but the rate paid for contracted services.

The Department of Mental Health pointed out that they are in an especially disadvantageous position relative to the labor market for specialized clinical positions. Because they have so few employees in professional occupational therapy and physical therapy jobs, turnover data is lacking, and does not illustrate the situation. DMH has used savings from vacant positions to hire part-time, unclassified workers at advanced pay rates, without benefits. In spite of recent repositioning and salary increases for direct care staff (LPNs and RNs, Psychiatric Aides and Developmental Assistants), turnover rates remain high in these jobs. DMH is also contracting for services. The rate of pay for contracted direct care staff is equivalent to \$38,293 per annum (\$18.41 per hour), whereas the same job pays \$19,536 (\$9.40 per hour) in the pay plan. With benefits the state rate is \$29,101 or \$13.99 per hour. Contract staff are also used for professional Occupational and Physical Therapy positions, OT and PT Assistants, RNs, Speech and Language Pathologists and Psychologists.

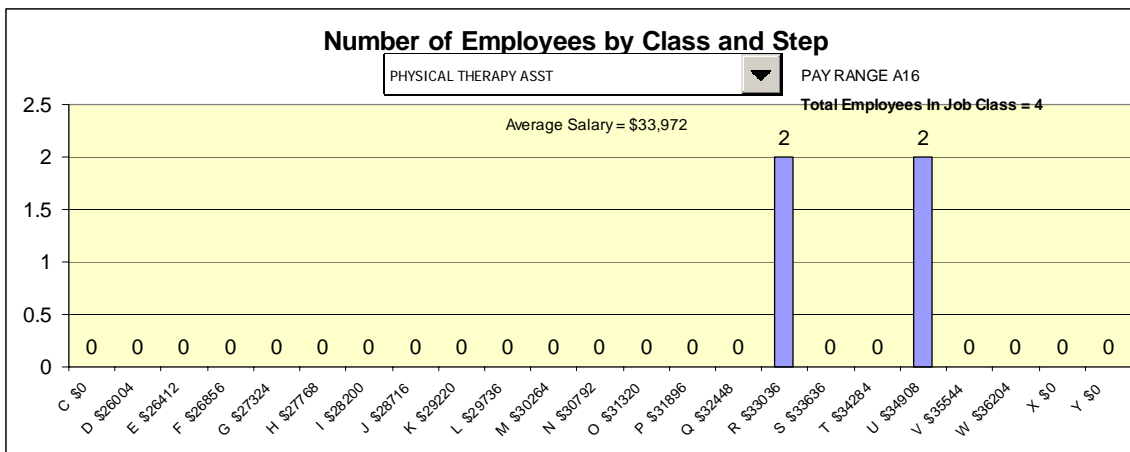
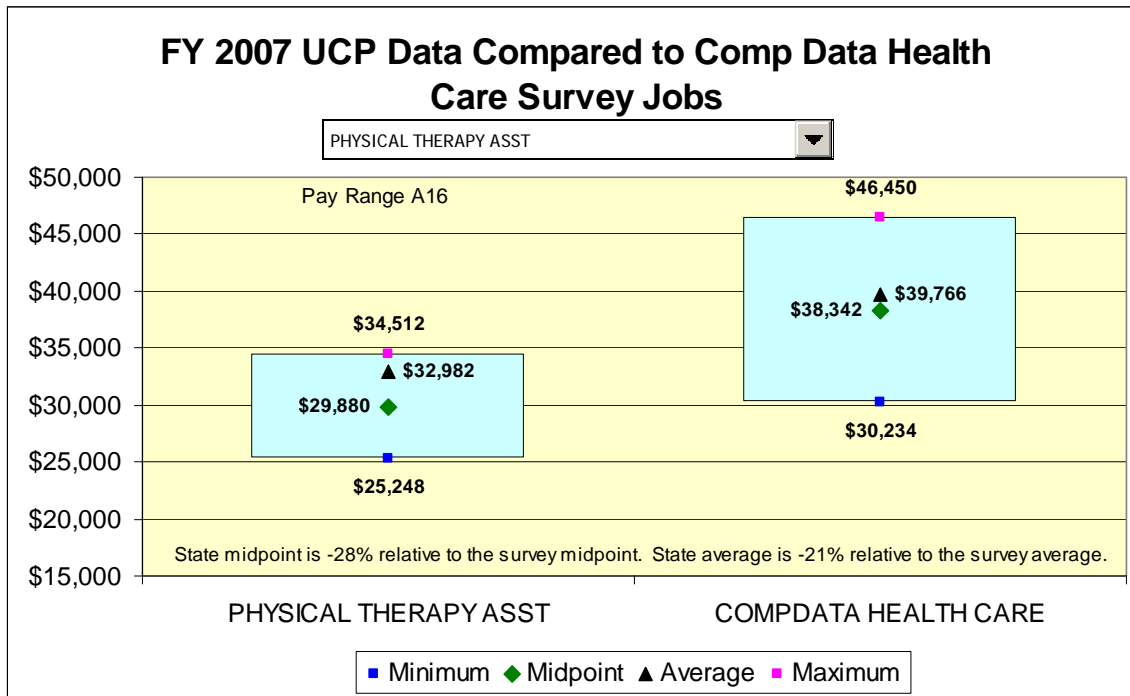
Occupational and Physical Therapy Assistants (Recommendation: +2 Pay Ranges)

Occupational and Physical Therapy Assistants also are significantly behind the market pay rates at 33% and 28%, respectively. There are 9 employees in these job classes, no turnover. Employees are paid above the midpoint, approaching the top of the pay range. Two pay range repositioning would position these jobs more competitively to the market and at the same pay range as LPN III. It would also help recruit and employ staff rather than continuing to contract for services.



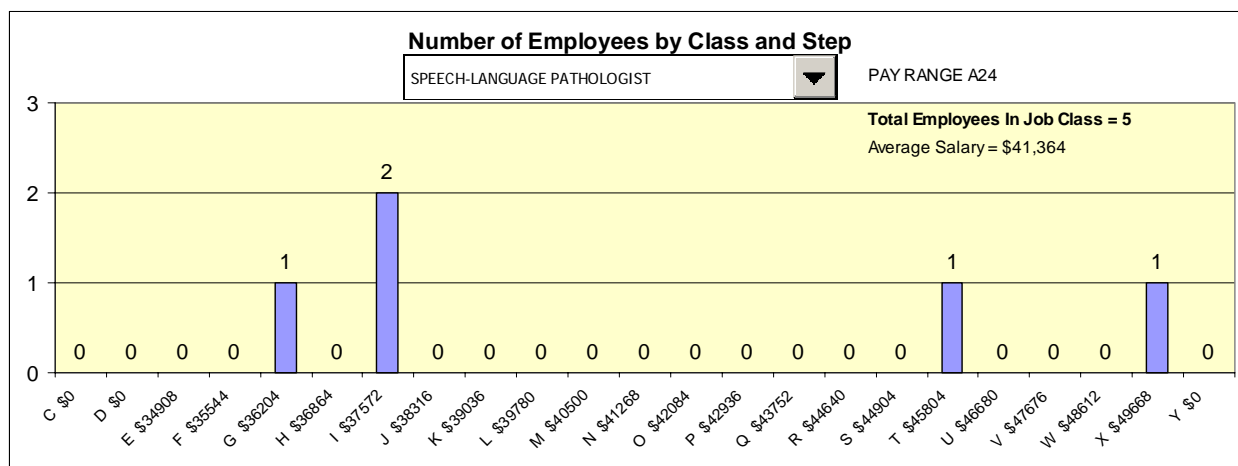
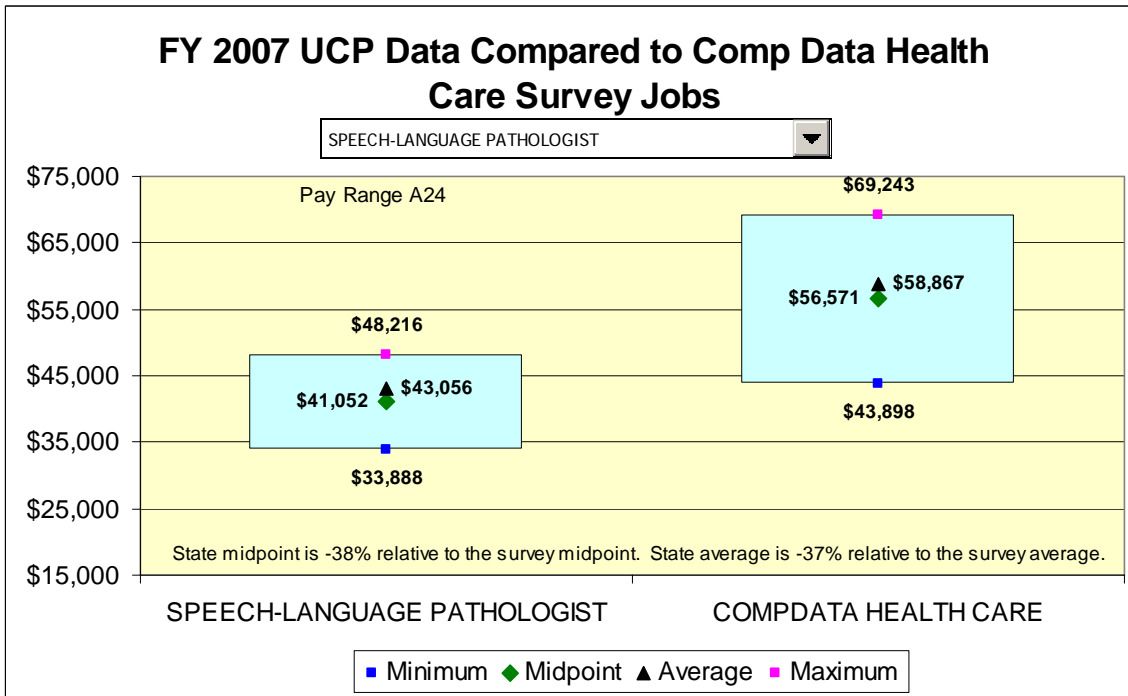
Note: Survey data charts reflect FY 07 pay rates. Employee distribution charts reflect FY 08 pay rates.

There are four employees in the class Physical Therapy Assistant. This class is similarly situated to OT Assistants with regard to pay and market comparability.



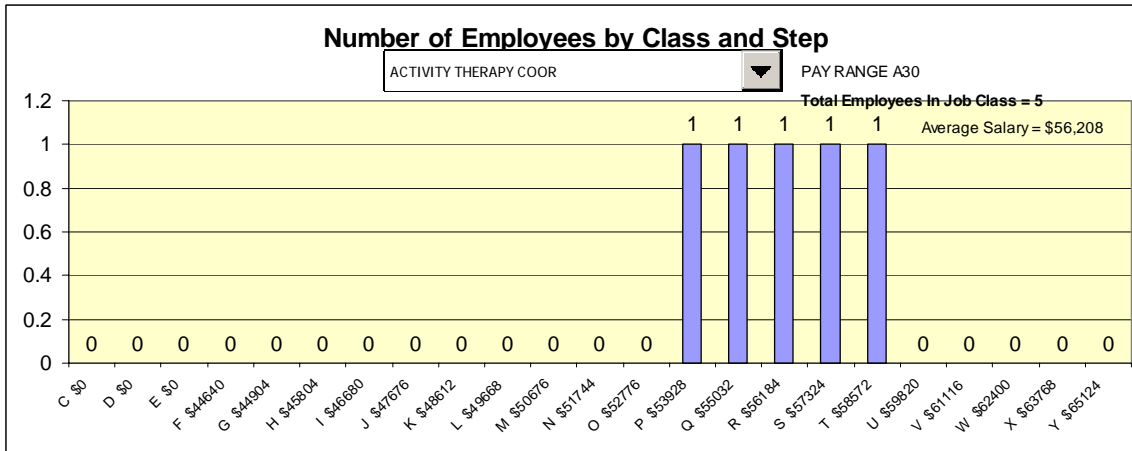
Speech and Language Pathologists (Recommendation: +2 Pay Ranges)

There are 5 employees in the class Speech and Language Pathologist. Three employees are paid below midpoint, while two are near the top of the pay range. There is no turnover in this job class, even though the employees are paid significantly below market rates. The pay range is significantly below market at 38%. Two pay range repositioning is recommended for greater competitiveness with market rates and to position the class more appropriately to the Registered Nurse series.



Activity Therapy Coordinator (Recommendation: +2 Pay Ranges)

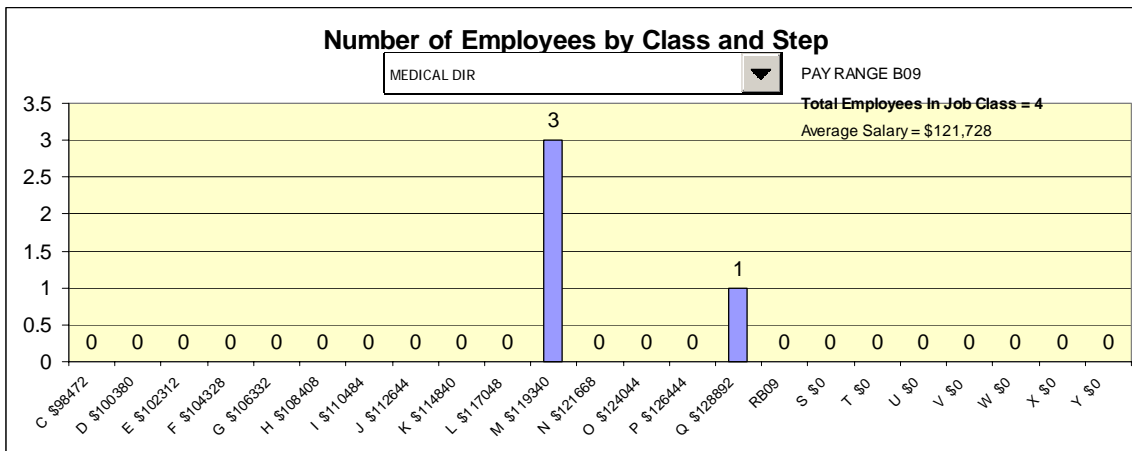
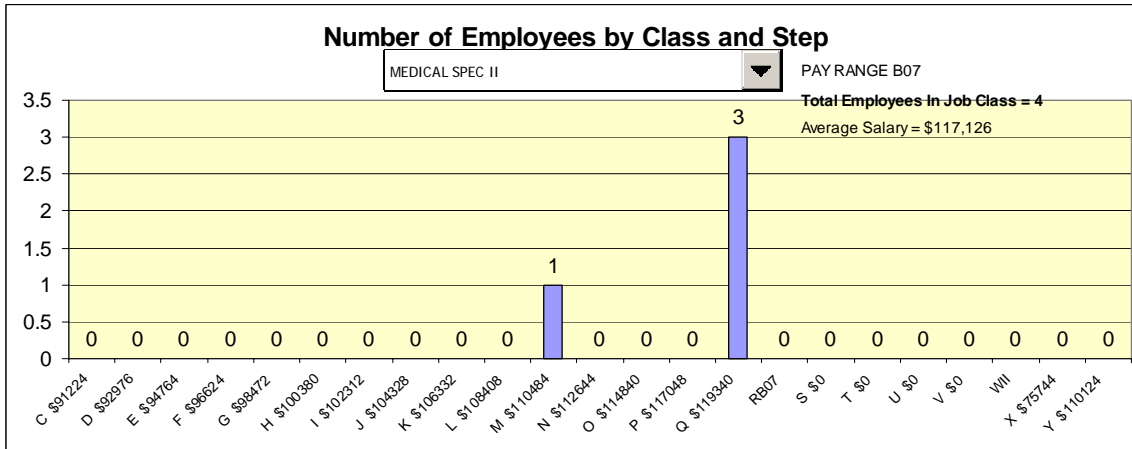
The Activity Therapy Coordinator class consists of five employees, all of whom are paid above the midpoint of the pay range. These employees are the supervisors of the Occupational and Physical Therapy staff, and should be repositioned commensurately. There is no turnover in the job class. Survey data for the Occupational and Physical Therapy positions would relate to the Activity Therapy Coordinator.





Medical Specialists I – II and Medical Director (Recommendation: +2 Pay Ranges)

The physician classes Medical Director and Medical Specialist II each have 4 employees. Four are paid at the top of the pay range and four are paid near the top of the range. One Medical Director employee is in Professional Registration of the Department of Insurance, Financial Institutions and Professional Registration. The remaining seven physicians are in DMH. We do not have survey data on these classes. DMH must assess the needs of their physicians and recommend accordingly. The recommendation of two pay ranges would provide the same consideration for these jobs as for the therapeutic classes.



Nursing Assistant I – II (Recommendation: +1 Pay Range)

Survey data indicates that the state of Missouri employees are paid 15% less than other health care organizations for Nursing Assistants. Voluntary turnover remains high at 44% and 28% for Nursing Assistant I and II, respectively. Most of the employees in these job classes are paid just below the midpoint of the pay range.

One pay range repositioning is recommended for these job classes given the comparability to market pay rates that currently exists. This is also driven to a certain extent by the manner in which the Department of Mental Health is addressing the recruitment of Psychiatric Aides and Developmental Assistants.

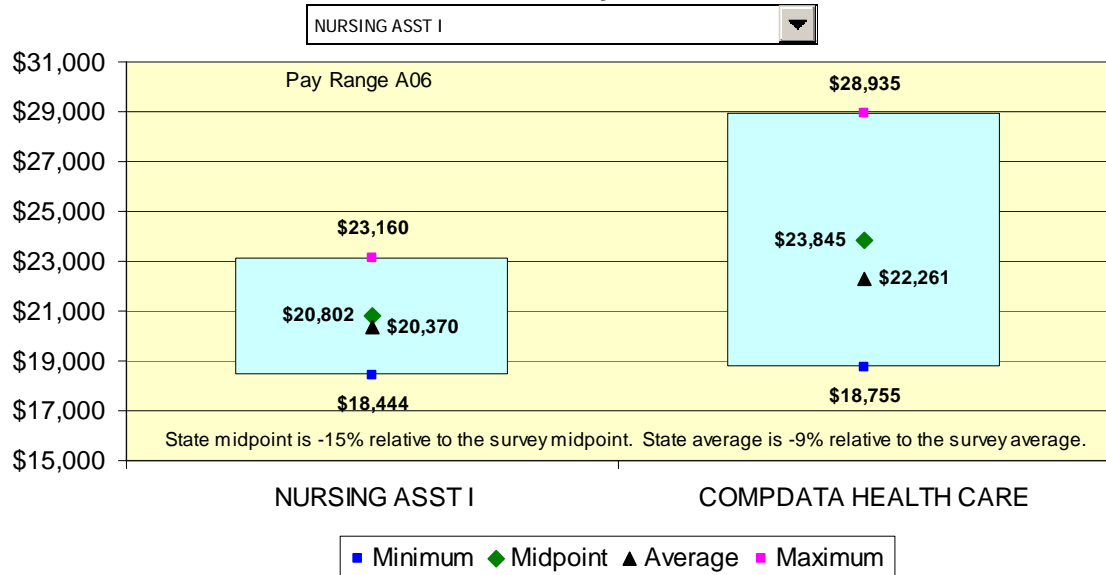
To address the recruitment of direct care staff DMH is considering eliminating the class Client Attendant Trainee, and hiring trainees at the level of Psychiatric Aide I and Developmental Assistant I, to boost starting salaries. This would result in eventual elimination of the class Client Attendant Trainee. The Board supports this approach to addressing on-going recruitment and retention of direct care staff.

The Missouri Veterans Commission does not have a trainee class for Nursing Assistants which are currently paid on pay ranges A06 and A09, respectively. As such, the Nursing Assistant jobs in the Veterans Commission should be repositioned to the same pay levels as the jobs in the Department of Mental Health. While it is hoped that these combined actions will help address recruitment and turnover in these jobs in both agencies, other factors such as the work and working conditions, competition with other employers and industries, and the focus on pay alone, not total compensation, by potential employees, contribute to on-going recruitment and retention difficulties in these jobs.

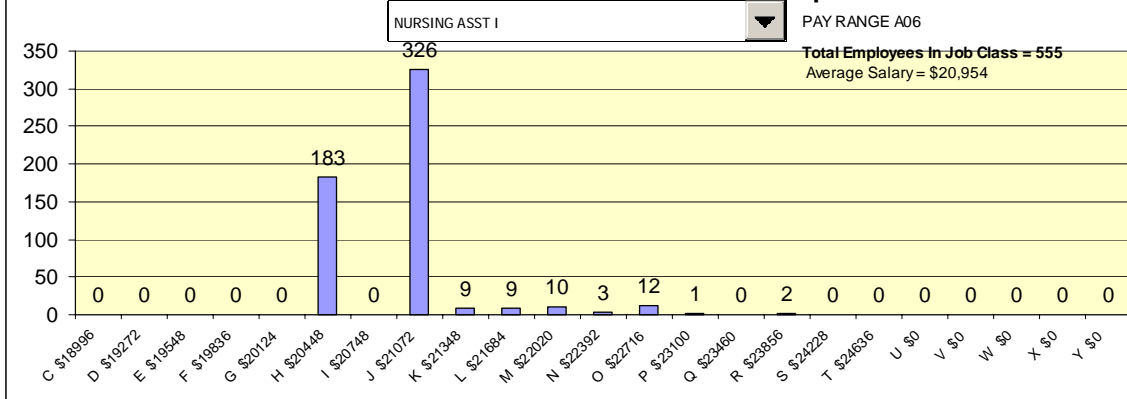
For example, a Nursing Assistant I employee paid at \$21,072 for FY 2008 receives state paid benefits estimated in the amount of \$12,600 or 59.8% of salary. This results in total annual compensation of \$33,672. Stated differently, an employee earning \$10.13 per hour is actually receiving another \$6.05 per hour in state paid benefits.

This is another scenario where the state's investment in benefits may not be fully appreciated by potential recruits and employees. Although DMH and the Veterans Commission would appreciate the ability to provide higher starting hourly rates of pay without benefits, state law regarding health care and retirement benefits establish state policy in these areas, precluding establishing higher starting rates of pay without benefits. While this alternative has not been pursued by the PAB, it is believed that if employees were hired at rates of pay without benefits, and subsequently needed the benefits, that the employees would be pursuing coverage by whatever means possible. Providing a higher starting rate without benefits does not seem to be an effective course of action.

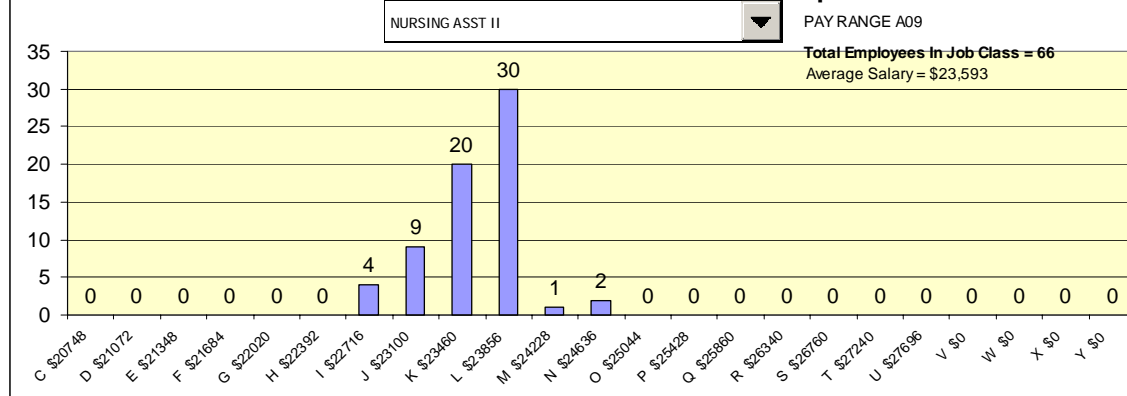
## FY 2007 UCP Data Compared to Comp Data Health Care Survey Jobs



### Number of Employees by Class and Step



### Number of Employees by Class and Step



In FY 2008 (July 1, 2007) Registered Nurses and LPNs in the Department of Mental Health, the Missouri Veterans Commission and the Department of Health and Senior Services were repositioned two pay ranges. The repositioning of a year ago maintained or slightly improved the competitiveness of the RN and LPN positions.

For the FY 2007 pay plan recommendations (August 2005), the pay of clinical LPNs trailed the market by 11% and RNs by 17%. Voluntary turnover among LPNs was 24% while RN turnover was 28%.

Two years later, after 12% increases in FY 2007, LPNs continue to trail the market by 11%. RNs improved to an 11% pay gap. Turnover is about the same with LPNs at 22% and RNs at 24%.

In effect, it appears that the 12% increase provided to LPNs and RNs maintained our position. As such, the effect of the FY 2008 repositioning should continue to be assessed before it is recommended that these jobs be allocated to higher pay ranges still.

#### State Salary and Benefit Information

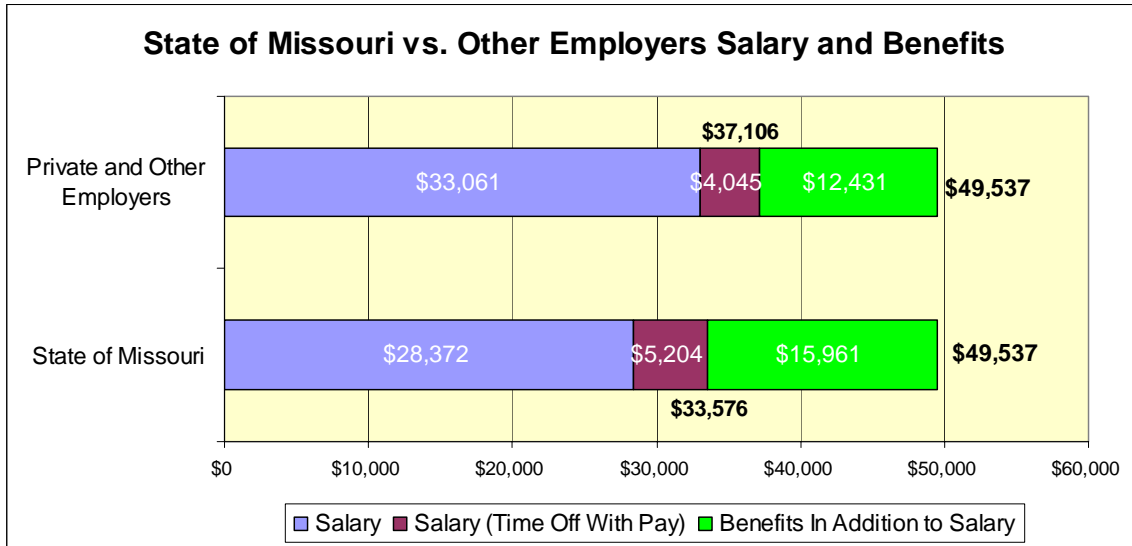
In calendar year 2006 the state total investment in state employee salaries and benefits was \$2.85 billion dollars:

Category	CY 2006	% of Salaries	% of Salaries and Benefits
Salaries	\$1,947,391,000		68.5%
Benefits	<u>\$898,360,000</u>	46.1%	<u>31.5%</u>
Total Salaries and Benefits	\$2,845,751,000		100.0%

### State Salary and Benefit Comparison to Other Employers

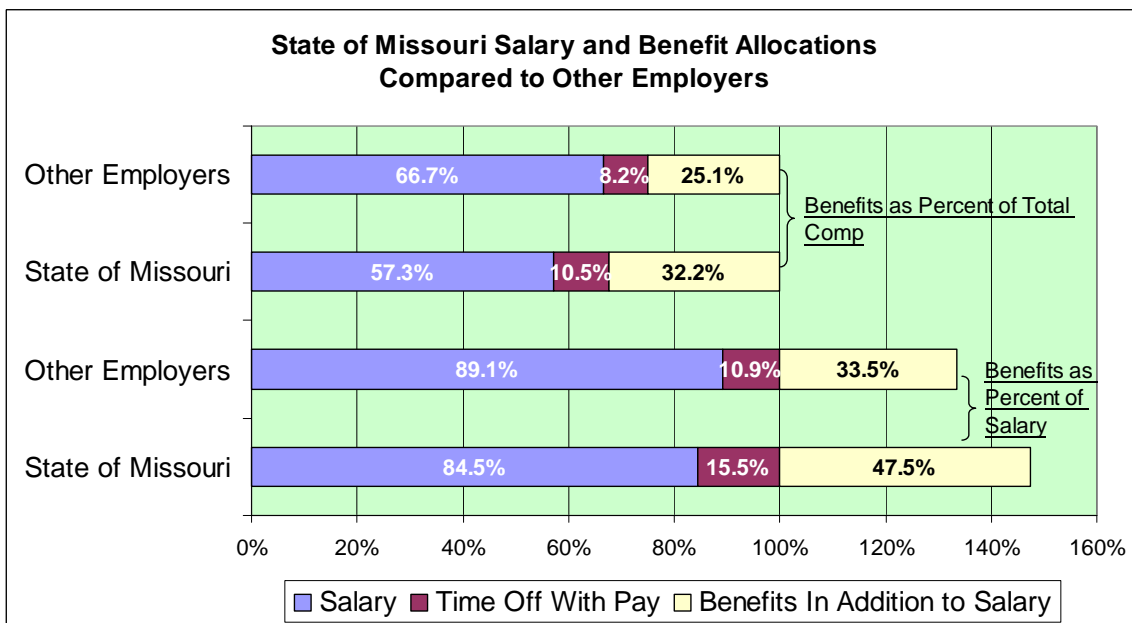
These following charts represent the approximate allocation of state salary and benefits compared to other employers.

Time off with pay is part of an employee's salary while paid benefits are in addition to an employee's salary.



In Missouri, state paid benefits represent 47.5% of salary for an employee, while paid time off equates to 15.5% of salary.

In Other Employers, paid benefits represent 33.5% of salary, while paid time off represents 10.9% of salary.



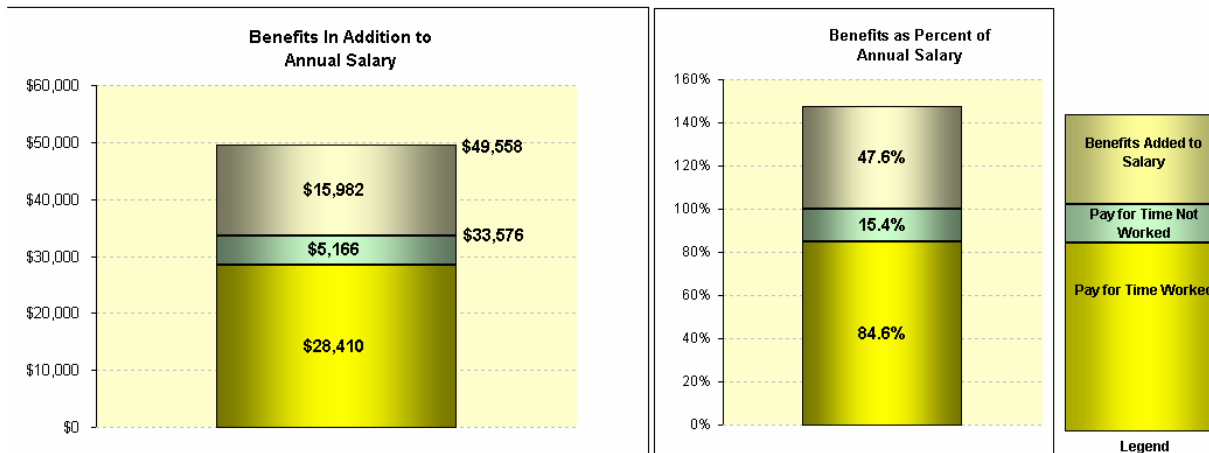
"Other Employers" data derived from 2006 U.S. Chamber of Commerce Employee Benefits Study.

**Benefit Calculator**

Below is an example of state employee salaries and benefits as estimated through a calculator developed by the Division of Personnel. This is based on an employee earning \$33,576 per annum with 11 years of service who used 10 days of sick leave in a year.

**Estimate of Benefits in Relation to Salary and Pay for Time Worked**

<u>Compensation and Benefits</u>	<u>Amount</u>	<u>Percentage</u>
Pay for Time Worked	\$28,410	84.6%
+ Pay for Time Not Worked	\$5,166	15.4%
= <b>Annual Salary</b>	<b>\$33,576</b>	<b>100.0%</b>
+ <b>Benefits Added to Salary</b>		
Retirement	\$4,311	12.84%
Social Security and Medicare	\$2,569	7.65%
Health Insurance* (\$550 per Month)	\$6,600	19.66%
Retiree Health	\$1,444	4.30%
Life Insurance	\$111	0.33%
Long Term Disability	\$171	0.51%
Worker's Comp and Unemployment	\$477	1.42%
Deferred Comp* (\$25 per Month)	\$300	0.89%
= <b>Total Salary and Benefits</b>	<b>\$49,558</b>	<b>47.6%</b>
Total Benefits as Percent of Annual Salary	\$21,148 ÷ \$33,576	= 63.0%
Total Benefits as Percent of Pay for Time Worked	\$21,148 ÷ \$28,410	= 74.4%



\*Health Insurance is the average state contribution per employee. Actual contributions vary by coverage level (Employee, Employee/Spouse, Employee/Family, etc.) and plan. Retiree Health added for FY 2008 per GASB #45 requirement. Deferred Comp requires employee contribution to qualify for state match of \$25 per month.

**ESTIMATED COSTS OF THE FY 2009 PAY PLAN RECOMMENDATIONS****Uniform Classification and Pay System**

Pay Plan Element	General Revenue	Non-General Revenue	Total	Percentage of Total Personal Service
General Structure Adjustment (3.7%)	\$40,540,978	\$25,621,876	\$66,162,854	3.7%
Performance Based Within Grade Increases (1.0%)	\$10,957,023	\$6,924,831	\$17,881,854	1.0%
Repositioning	\$365,919	\$373,771	\$739,690	0.0%
<b>Total UCP System Agencies</b>	<b>\$51,863,920</b>	<b>\$32,920,478</b>	<b>\$84,784,398</b>	<b>4.7%</b>

**Non-UCP System Agencies**

Pay Plan Element	General Revenue	Non-General Revenue	Total	Percentage of Total Personal Service
General Structure Adjustment (3.7%)	\$12,701,471	\$25,596,987	\$38,298,458	3.7%
Performance Based Within Grade Increases (1.0%)	\$3,432,830	\$6,918,102	\$10,350,932	1.0%
Repositioning	\$0	\$0	\$0	0.0%
<b>Total Non-UCP System Agencies</b>	<b>\$16,134,301</b>	<b>\$32,515,089</b>	<b>\$48,649,390</b>	<b>4.7%</b>

**Totals - All Agencies**

Pay Plan Element	General Revenue	Non-General Revenue	Total	Percentage of Total Personal Service
General Structure Adjustment (3.7%)	\$53,242,449	\$51,218,863	\$104,461,312	3.7%
Performance Based Within Grade Increases (1.0%)	\$14,389,853	\$13,842,933	\$28,232,786	1.0%
Repositioning	\$365,919	\$373,771	\$739,690	0.0%
<b>Total All Agencies</b>	<b>\$67,998,221</b>	<b>\$65,435,567</b>	<b>\$133,433,788</b>	<b>4.7%</b>

The General Structure Adjustment and Within-Grade estimates are based on FY 2008 Total Personal Service Appropriations.

The Repositioning estimate is based on July 2007 data from the SAM II HR/Payroll System, and is less than .1% of UCP System Total Personal Service.

Above estimates include fringe benefits tied to salaries of 27.05%